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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0776
RUEHCI/AMCONSUL CALCUTTA PRIORITY 2979
RUEHGV/USMISSION GENEVA PRIORITY 1432
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2305
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000025

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SUBJECT: FORMER PRIME MINISTER SHARES CONCERNS ABOUT NEPAL

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

Summary

1. (C) In a meeting on January 5, former Prime Minister and President of the Rastriya Janashakti Party (National People's Power Party) Surya Bahadur Thapa told the Ambassador that the Prime Minister and the Government of Nepal (GON) needed to become more assertive. Thapa complained about continuing Maoist atrocities and worried that the parties in the Seven-Party Alliance (SPA) were not united against the Maoists. If the Maoists came to power, Thapa said, then the country would be the loser. While India would be threatened under this scenario, he opined that China might gain influence. Thapa worried about the impact of the Maoists on the business community in Nepal. Although Thapa did not expect the King to make a comeback, he implied that fear of such a move might encourage the SPA to move more quickly than it should on promulgation of an interim constitution and formation of an interim government.

GON Needs to Act Like a Government

2. (C) Surya Bahadur Thapa, former Prime Minister and President of the Rastriya Janashakti Party, told the Ambassador on January 5 that the GON needed to start acting more like a government. Thapa said that he had been observing the situation in the country and had not been satisfied with the actions of the current political leadership. Thapa worried that Prime Minister Koirala and his government were not moving forward in a positive way with the peace agreement, and that the GON was not holding the Maoists accountable for violations of the Comprehensive Peace Agreement (CPA). Thapa stressed the importance of unity among the individuals and parties who believe strongly in democracy and multi-party democracy to ensure that a Maoist takeover of the state did not occur.

Maoists Control the Countryside Outside Kathmandu

3. (C) Thapa told the Ambassador that the Maoists were

violating the CPA in almost all parts of the country, including in the Kathmandu Valley. Thapa complained that, outside of Kathmandu, the Maoists controlled almost everything, including district administration and local governance. In some places, he said, they controlled things directly, and in others the Maoists maintained control through intimidation and threats. Thapa accused the GON of only focusing on the situation in the Kathmandu Valley and allowing the situation in the outlying areas to remain dominated by the Maoists. He lamented the fact that the Maoists were not allowing political workers to go out and campaign in most parts of the country.

Nepal Will Lose If the Maoists Come to Power

¶4. (C) Thapa stated that Nepal would lose three things if the Maoists came to power and took control of the state. First, Nepal would lose the institution of monarchy. Second, Nepal would lose the ideal of democracy, as the Maoists would impose a single-party state. Third, the Nepali people would lose their freedom and liberty. Thapa believed that a Maoist takeover would precipitate complete anarchy in the country and the Maoists would begin to promulgate groups of laws that Thapa referred to as a "revolutionary mess." He also opined that Nepal would become cut off from the rest of the world as the Maoists and their anachronistic ideology began to isolate the country.

India Will Also Lose

¶5. (C) Thapa also suggested that India would be a huge loser

KATHMANDU 00000025 002 OF 002

if the Maoists took control of the state. Thapa said that, because of the close relationship between Nepal and India, India's border effectively ends at the Himalayan range in the north of Nepal, but if the Maoists come to power, that border would be moved down to the Terai in southern Nepal. Thapa also stressed that a Maoist-led state would adversely affect India's national security. Thapa predicted that, within 5 to 15 years, most states in India would fall under Maoist influence if the Communist Party of Nepal-Maoist consolidated control over Nepal.

China Will Move Quickly to Influence the Maoists

¶6. (C) Thapa mentioned that China had been a silent spectator of Nepal's situation up to this point. If the Maoists came to power, he said, China would have a big opportunity to jump into South Asia and weaken India's influence. Beijing would also jump at the chance to work with a Maoist regime "against the U.S., especially vis-a-vis Tibetans." Thapa stated that China would "not waste a second" to make sure the Maoists did what they want with Tibetans.

Maoists Affect the Business Community

¶7. (C) Thapa complained that the Maoists had been "terrorizing" the business community, taking large amounts of money through extortion from businesses in Nepal. He worried that the Maoists were making many Nepal-based businesses move to India, where the investment climate was better and more secure. Thapa expressed concern that, as business and investment moved out, Nepal was moving rapidly in the direction of disintegration.

King Has no Support; But Fear of King is Applying Pressure

¶8. (C) Thapa told the Ambassador that he had met with the King two months ago, at the King's request, and had advised him to keep a low profile and to speak with the Prime

Minister instead of speaking with other people and raising suspicions. Thapa said that any meetings the King may be having with people were meaningless, because the King had absolutely no support from the people, the political parties, or the Nepal Army for any sort of comeback. He said the King had lots of "well-wishers," but that no one would support a future grab by him for power. Thapa said that accounts of the King having Hindu fundamentalist supporters in India were overblown, and he did not expect that the King would have support from anywhere to govern again.

¶9. (C/NF) Thapa brought up the recent news that the King and the royal family had refused to take their monthly salary from the GON, prompting some in the government to worry that some scheme was afoot in the palace. Thapa said that Finance Minister Ram Sharan Mahat and Speaker of the House Subash Nemwang both met with the Prime Minister on January 5 to discuss the matter, and that Nemwang had been pushing the PM to immediately promulgate the Interim Constitution to permanently take all power away from the King and make sure he would not try to regain power. According to Thapa, the PM was considering immediate promulgation of the interim constitution.

Comment

¶10. (C/NF) The fact that Nemwang, someone who usually takes a strong stance against the Maoists, is pushing the PM to immediately promulgate the interim constitution is of great concern, and is something we will continue to watch closely. Thapa is correct that the Maoists control most of the area outside of the Kathmandu Valley, and the only way to stop this is for the GON to start acting like a real government and begin to enforce law and order across the countryside.
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